

STATE OF NORTH DAKOTA
OFFICE OF THE ATTORNEY GENERAL

IN THE MATTER OF:

POWERHOUSE GAMING, INC.)	ADMINISTRATIVE CONSENT AGREEMENT
LICENSE NO. GM-042)	
LOCATED AT LOOMIS, CA)	

[¶1] The Attorney General of the State of North Dakota, by and through Deb McDaniel, Director of Gaming, served Powerhouse Gaming, Inc. ("Powerhouse"), with a Notice of Violation ("NOV") and Immediate Order of Suspension on July 8, 2020, on behalf of Wayne Stenehjem, the Attorney General of the State of North Dakota (the "Attorney General"), who has exclusive jurisdiction over the manufacture of electronic pull tab devices sold for use in North Dakota under North Dakota Century Code (N.D.C.C.) ch. 53-06.1 and N.D. Admin. Code ch. 99-01.3-16. Powerhouse consents to the Attorney General's entry of an Administrative Consent Agreement and Judgment, without hearing and without further notice:

WHEREFORE, THE PARTIES AGREE TO ENTRY OF A CONSENT AGREEMENT AS FOLLOWS:

[¶2] The Attorney General has authority and jurisdiction over this matter pursuant to N.D.C.C. ch. 53-06.1 and N.D. Admin. Code ch. 99-01.3-16.

[¶3] In accordance with his regulatory responsibilities, the Attorney General investigated a software licensing issue related to Powerhouse's North Dakota devices, and determined Powerhouse was using a software tool in some of its devices known as the "KMS tool." The KMS tool allowed Powerhouse to use the Windows operating

system purchased for the devices, without inputting the individual license key to activate the Windows software on each device. The administrative rules applicable to the licensing of software in electronic pull tab devices, N.D. Admin. Code § 99-01.3-16-09.6(34), require that a device manufacturer such as Powerhouse own or properly license the intellectual property rights to all of the software in an electronic pull tab device. This includes the use of any commercially available operating system such as Windows. Although Powerhouse is now able to prove it purchased a license for every device, Powerhouse admits that it failed to properly apply or document that the 25-digit key was applied to every device, Powerhouse's North Dakota devices were in violation of N.D. Admin. Code § 99-01.3-16-09.6(34).

[¶4] The Attorney General provided Powerhouse with the opportunity to correct its Windows license compliance issue.

[¶5] The Attorney General suspended Powerhouse's North Dakota license to manufacture electronic pull tabs after the Attorney General determined the company failed to timely provide Windows licensing information. The Attorney General also issued a Notice of Violation.

[¶6] Powerhouse admits that it engaged in acts or practices that violated N.D. Admin. code § 99-01.3-16-09.6(34).

[¶7] Powerhouse further admits that the Attorney General had reasonable grounds to suspend its license under N.D.C.C. § 53-06.1-15.1(9) and N.D. Admin. Code § 99-01.3-02-13.

[¶8] Powerhouse is adjudged to be in violation of North Dakota Gaming Laws for failing to comply with the requirements of N.D. Admin. code § 99-01.3-16-09.6(34).

[¶9] Powerhouse has now reasonably performed and provided satisfactory proof that its electronic pull tab device operating system is in compliance with North Dakota law, including that all individual electronic pull tab devices in the State of North Dakota have the 25 character Microsoft Windows(™) license product code input on each device. Powerhouse maintains it purchased licenses in advance of deployment of all devices and has overall demonstrated it purchased a total of 1800 licenses between April 2018 and May 2020.

[¶10] The Attorney General hereby lifts and extinguishes the Order of Immediate Suspension dated July 8, 2020, upon the execution of this Agreement.

[¶11] Powerhouse agrees and consents to the entry of a monetary fine in the amount of \$50,000, for which \$25,000 shall be paid upon the execution of this Agreement and \$25,000 shall be suspended and waived upon the successful completion of a two-year probationary period wherein Powerhouse agrees to strictly comply with all North Dakota Gaming Laws and Rules.

[¶12] Powerhouse shall have all electronic pull tab reporting requirements required by the ND AG to be complete within 90 days of execution of this Agreement.

STIPULATION

The undersigned representative of each party certifies that s/he is fully authorized by the party s/he represents to enter into the terms and conditions of the Consent

Judgment and to legally bind the party s/he represents to the Consent Judgment. Defendants acknowledge that they are representing themselves in this matter or have retained counsel, and have read and understood the terms and conditions of this Consent Judgment, and are aware of the legal conditions imposed upon them by this Consent Judgment.

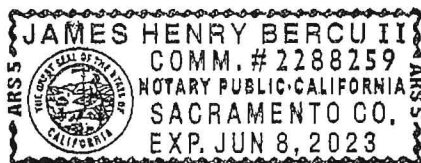
October 7, 2020.

Powerhouse Gaming, Inc.

By: [Signature]
Its: President

STATE OF CALIFORNIA)
COUNTY OF Placer) SS.

On this 7th day of October, 2020, before me, a notary public, within and for said County and State, personally appeared Nathan Freels, known to me to be the person who executed the within and foregoing instrument and acknowledged to me that she executed the same as his own and free act and deed.



[Signature]
James Henry Bercuit II
Notary Public
My commission expires: 6/8/2023

(SEAL)

October 14, 2020.

North Dakota Attorney General

By:
Its:

Wayne Stenejem
Attorney General

STATE OF NORTH DAKOTA)
) SS.
COUNTY OF BURLEIGH)

On this 14 day of October, 2020, before me, a notary public, within and for said County and State, personally appeared WAYNE STENEJEM, known to me to be the person who executed the within and foregoing instrument and acknowledged to me that she executed the same as his own and free act and deed.

Elizabeth Bocker

Notary Public
My commission expires: _____

(SEAL)

